REPORT ON REGENT PARK CONDOMINIUM PURCHASES BY INDIVIDUALS INVOLVED WITH REGENT PARK DEVELOPMENT CORPORATION

THE HONOURABLE PATRICK J. LESAGE, C.M., O.ONT., Q.C.

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Section 1: Terms of Reference and Scope of Review

In April 2012, Mr. Bud Purves, Chair of the Board of Toronto Community Housing Corporation (TCHC), on behalf of the Board, retained me to conduct an independent review and prepare a report on purchases of condominium units in the Regent Park Revitalization Project (the Revitalization Project), by individuals involved with Regent Park Development Corporation (RPDC).[1] Reports in Toronto newspapers raised questions regarding some of these condominium purchases.

The Terms of Reference for this review, as set out by the Board of TCHC, are as follows:

> *The following terms of reference relate to TCHC's holding company, Regent Park Development Corporation (RPDC). RPDC is the holding company for TCHC's 50% equity interest in each of: Dundas and Parliament Development Corporation (DPDC) and Parliament and Gerrard Development Corporation (PGDC). Daniels Eastside Corporation (Daniels) owns the other 50% of both companies.*
>
> - In light of recent media reports on purchases made by individuals involved with Regent Park Development Corporation, identify – if any – procedural gaps with respect to those purchases which may have reduced TCHC's profits, compromised our ability to get the best value for those condominium units given the public nature of the project, and/or led to preferential purchasing benefiting executive officers and/or other individuals involved with the Development Corporation.
>
> - Review the actions taken by TCHC at the time of the purchases to determine if there was any conflict of interest or the appearance of a conflict of interest.
>
> - Daniels has been a partner of TCHC in the revitalization of Regent Park since the beginning of this project. With their cooperation, review actions taken by executives at Daniels with respect to their purchases to determine if, at the time of purchase, there was any conflict of interest or the appearance of a conflict of interest.

[1] In conducting this Review and preparing this Report I was assisted by the following Gowlings lawyers: Mark McHughan, (a real estate development lawyer) Sirpal Randhawa and Lynn Mahoney. I am grateful for the administrative assistance of Sarah Nath (Gowlings) in preparing this Report.

- Given our obligations to our sole shareholder (the City of Toronto), and the substantial amount of public funds in our revitalization projects, make recommendations to strengthen our policies and advise as to whether additional procedures are needed.[2]

When calling for this independent review, the Chair of the Board of TCHC, Mr. Bud Purves, stated:

> Recent reports in the Toronto Sun raise some very real questions about condominium purchases by Toronto Community Housing executives and related persons at Regent Park. There is a need to clarify the facts and address the governance and structure of these purchases, including any possibility of a conflict of interest.
>
> This is necessary to maintain the trust of our shareholder and the public, given the important work being done by Toronto Community Housing and its partners to transform Regent Park into an innovative mixed-income, mixed-use community, as well as the significant amount of public funds Toronto Community Housing and other levels of government, including the City of Toronto, have invested in Regent Park.[3]

In conducting this Review, we met with current and former senior staff and executives of TCHC involved with the Regent Park Revitalization Project, as well as senior executives of The Daniels Corporation (Daniels). We received and reviewed documentation from both TCHC and Daniels regarding sales of units in the condominium relevant to the issues in this Review. I am grateful for the assistance and cooperation received during this Review from both TCHC and Daniels.

[2] Attached as Appendix A is a copy of the Terms of Reference.
[3] Attached as Appendix B is a copy of the Statement by N. W. Bud Purves.

Section 2: Relevant Facts and Findings

A. <u>Description of Regent Park Revitalization</u>

Toronto Community Housing Corporation is a wholly-owned subsidiary of the City of Toronto. With its 164,000 tenants, TCHC is the largest social housing provider in Canada and the second largest in North America. TCHC is responsible for approximately 58,600 low and moderate income tenant households in 350 high-rise buildings and 1,865 mid-rise, low-rise, walk-ups, towns and singles, spread across 370 different Toronto communities. A current major project is the redevelopment of Regent Park, Canada's oldest and largest social housing complex.

The purpose of the Regent Park Revitalization Project is to replace existing social housing, build the community, improve parks and community facilities, develop accessible and safe public streets, create local jobs and training programs, and create a mixed use development with social housing, market priced housing, commercial businesses and associated community facilities.

The proposed Revitalization Project is to be carried out in six phases over 12-15 years. The development of land bounded by Cole, Dundas, Parliament, and Regent Streets was part of Phase One of the Revitalization Project.

In 2005, TCHC issued a Request for Proposal (RFP) to develop Phase One of the Project. The Honourable Coulter Osborne Q.C., TCHC's Fairness Advisor, oversaw the RFP and procurement process for the Revitalization Project. Cresford Developments was originally selected as the developer for Phase One. Cresford withdrew from the process during the due

diligence phase. A second RFP resulted in the selection of The Daniels Corporation (“Daniels”) to be the developer. Daniels has a history in social housing and building non-profit communities. They were the only proponent willing to share the risk equally with TCHC, for a lesser share in the profits.

In 2006, the TCHC Board approved the contract with Daniels to develop the Revitalization Project. TCHC hired additional internal expertise to assist in negotiating the development contracts and manage the development process. The development was to be carried out via a public-private partnership between TCHC and Daniels.

Phase One of the development required the demolition of 418 units in Regent Park. The occupants were relocated to temporary residences, in accordance with TCHC policies. Phase One of the Revitalization Project includes the One Cole Condominiums, which consists of 294 residential units, 330 locker units and 286 parking units (“One Cole Condominiums”). There are nine two-storey townhomes and two towers (nine-storey West Tower located at 1 Cole Street and 19-storey East Tower located at 25 Cole Street); a shared Sky Park; four retail components (consisting of FreshCo. by Sobeys, Rogers Communication, Royal Bank of Canada, and Tim Hortons); and a 26,000 square-foot indoor and outdoor community space.

Marketing of Regent Park as a community commenced in the third quarter of 2006. Construction commenced in August 2007. Marketing of the One Cole Condominiums began in September 2007. International financial markets had a dramatic downturn commencing in the Fall of 2007. The events surrounding that economic downturn significantly weakened the real

estate market and banking systems and created a cloud of uncertainty over the Revitalization Project. Sales commenced in May 2009 and occupancy in November 2009.

B. <u>The Parties</u>

Dundas and Parliament Development Corporation (Dundas) was the joint venture corporation controlled equally by TCHC and Daniels, created to develop the Regent Park Project. TCHC's interest in Dundas was held through a wholly-owned nominee corporation, Regent Park Development Corporation. At the time of the sales of condominiums in May - June 2009, the Board of Directors of Regent Park Development Corporation included, among others, Derek Ballantyne (then CEO, TCHC) and Gordon Chu (then CFO, TCHC).

The business affairs of Dundas, who owned and developed the market units, were to be managed by its Board of Directors, initially comprised of: Derek Ballantyne (then CEO, TCHC), Mitchell Cohen (President, Daniels), Gordon Chu (then CFO, TCHC) and Tom Dutton (Executive, Daniels).

Dundas was structured on the basis that TCHC was responsible for zoning and planning aspects of Phase One generally, while Daniels was responsible for the site plan approval, marketing, development and sale of One Cole Condominiums. Subsidiaries of Daniels contracted with Dundas to provide marketing, construction, and sales services.

C. <u>Proposed Purchase Incentives</u>

In accordance with what I accept to be industry practice, Daniels wished to offer a sales incentive to its employees to encourage them to purchase units in One Cole Condominiums. This incentive program was considered particularly important to the Revitalization Project, not only to stimulate sales given the deteriorating financial market conditions during 2008 to 2009, but also because of the somewhat negative public perception some associated with Regent Park. The cost of the sales incentive to Daniels' employees outside the joint venture would be absorbed solely by Daniels. It would be at no cost to Dundas.

Daniels approached TCHC to inquire whether TCHC's employees could participate in such an incentive program, in which case the cost would be borne by Dundas, of which TCHC was a joint owner. TCHC considered the matter internally, and requested an opinion from an outside expert advisor, David Mullan,[4] the former Integrity Commissioner for the City of Toronto.

Mullan Opinion

David Mullan's opinion letter to TCHC dated May 20, 2009,[5] considered whether presenting TCHC employees with preferential purchasing rights to the Regent Park condominiums would be inappropriate. In addition, he considered whether purchases of the condominiums by TCHC employees and "Project Team" members without any preferential pricing or priority would be appropriate.

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[4] TCHC originally sought an opinion from The Honourable Coulter Osborne, Q.C., who had provided the "Fairness Opinion" for the Regent Park Revitalization Project RFP. Osborne was unable to take it on, but recommended TCHC approach Professor David Mullan, a highly regarded expert in the area of conflicts, municipal and administrative law.
[5] Attached as Appendix C is a copy of David Mullan's opinion letter dated May 20, 2009.

After considering the relevant statutes and authorities, Professor Mullan concluded that there could be “no objection to any employee of the TCHC (whether a member of the project team or not) purchasing a condominium in the Regent Park Revitalization at the price at which that condominium is available to the general public.”

Following Professor Mullan’s opinion, TCHC advised Daniels that TCHC employees would not be permitted to participate in an incentive program.

Daniels did provide an incentive of 2.5% of the purchase price to its executives and employees. The cost of the incentive was borne entirely by Daniels. This incentive had absolutely no negative or other effect on TCHC’s profits from the joint venture and was absorbed totally by Daniels.

D. <u>Sales of One Cole Condominiums</u>

All of the One Cole Condominiums had pre-determined finishes. Each floor of the Condominium was allocated a pre-selected colour package from a choice of three different packages. The suite finishes, such as flooring, kitchen and bathroom finishes, laundry, electrical, security and general suite features, were pre-set for each unit, and substantially constructed before sales of the One Cole Condominiums were launched.

This pre-build process is not common in condominium development. However, it was used for Phase One because the parties determined it may be difficult to pre-sell units for Phase One in

Regent Park in the then existing economic environment. They also needed to show potential purchasers what they would be purchasing.

The price of each unit was pre-set based on relevant market factors and displayed on a grid. During each of the sales events, a potential purchaser could consult the grid to determine which units were available for purchase as well as their location and the asking price.

The Condominiums were sold after they were built, and purchasers were unable to change the finishes or obtain upgrades. Dundas did, however, in a few instances, accommodate minor changes at no significant construction cost, such as the paint colour, in order to conclude a sale.

During May and June 2009, sales of One Cole Condominiums were carried out in four separate stages, targeting different groups of prospective purchasers in the following order: Foundation Sales (sales to residents of Regent Park making the transition from rental housing to home-ownership), Inner Circle Sales, Broker Sales, and Public Sales.

Foundation Sales

The first priority of the new market component of the Revitalization Project, was to offer the market condominiums to residents of Regent Park. Financial assistance was offered to these residents to facilitate their purchases.

The Foundation Sales Event took place on May 23-25 and 28, 2009, and consisted of sales to Regent Park tenants transitioning from social (rental) housing to homeownership. In order to

participate, the purchaser was required to complete a 'Homeowner 101' program, that included meetings with the Royal Bank of Canada and Daniels' personnel for education on mortgage financing and homeownership. Foundation purchasers could choose from any floor and any unit in the building. The order of unit selection was based on the tenure of the purchaser's occupancy within Regent Park. Loans from the Foundation Loan Program were available to these purchasers.

Funding for the Foundation Loan Program was provided by the City of Toronto with funds from the Federal and Provincial governments. This funding program was administered through TCHC and the loans were secured by a second mortgage in an amount up to 35% of the purchase price. The purchasers were required to qualify and secure first mortgage financing from a traditional mortgage lender.

The eligibility criteria for the Foundation Loan Program required a purchaser be a current Regent Park resident or one who was relocated as a result of the Revitalization Project, be at least 18 years of age, have a total annual household income of not more than $75,800, not own any other property in Canada, and occupy the condominium as his or her primary place of residence during the entire time they owned the property. No payment would need to be made on this Foundation mortgage until the condominium was sold. Foundation loan monies were to be repaid to the City when a recipient sold the unit at fair market value.

The entirety of the Foundation Loan Program funds were ultimately allocated to Regent Park tenants. I am satisfied no TCHC or Daniels' employees, executives, or family members received funds from the Foundation Loan Program.

All Foundation purchasers who made purchases during the Foundation Sales Event were required to pay the grid price. Foundation purchasers were assisted by the Foundation Loan Program and, received the same benefits offered to Inner Circle Members, such as discounted parking spaces and free lockers.

Inner Circle Sales

Inner Circle type programs are typical in the development industry. This program was open to any member of the public to join. The Inner Circle program was created to generate sales interest in the Revitalization Project and to identify prospective purchasers.

In respect of One Cole Condominiums, Inner Circle Members pre-registered by paying a fully refundable deposit fee of $250 to gain priority access to the sales program.

The Inner Circle Sales Event was held on May 26-27, 2009. The Inner Circle Bonus Incentive Program allowed for a parking space to be purchased for $9,500 (suggested list price: $22,000) and one free locker per suite (suggested list price: $2,500). For purchasers of a studio suite, a

parking unit was not available, however, an exemption from paying maintenance fees for one full year was provided.

The Inner Circle Members had access to 50% of the remaining units, comprised of a representative sample of all unit types, located on alternate floors. However, as an exception, additional unit selections were made available to conclude a sale. Similar units on the other floors were then available for the Broker Sales and the Public Sales.

As will be discussed later, some TCHC employees and all the Daniels' executives who purchased units became members of the Inner Circle. They received the same benefits as other Inner Circle Members.

Broker Sales

The Broker Sales Event took place on May 30, 2009. Each broker was allowed to represent two clients. Brokers had access to the remaining unsold units in the building. These purchasers received the same benefits given to Inner Circle Members, other than priority as to time of purchase.

Public Sales

The Public Sales Event, for those who had not pre-registered for the Inner Circle and were not represented by an agent, was scheduled for June 13, 2009. At this time, approximately 70 of the 294 condominiums remained unsold.

To some extent prices, including parking spaces and lockers, were adjusted for the Public Sales based on demand.

BOOST Program

For Phase One of the Revitalization Project, which included One Cole Condominiums, the Government of Canada and the Province of Ontario, under the Canada-Ontario Affordable Housing Program, directed funding to the City of Toronto. The City then directed funds for a down-payment assistance program wherein an amount equal to 10% of the purchase price of a One Cole Condominium, would be loaned to eligible purchasers to be secured by a second mortgage. This loan would not require monthly payments of principal or interest and was forgiven if the purchaser resided in the condominium for a 20-year period. Although the funds were made available by the City and the Federal and Provincial Governments, all agreed that the loan program would be marketed by Daniels as “BOOST”.

The eligibility criteria for BOOST required a purchaser to be a permanent resident of Canada, be at least 18 years of age, have a total annual household income of not more than $75,800, not own any other property in Canada, and occupy the Condominium as his or her primary place of residence.

If a recipient rents out the condominium, or sells it within the 20-year grace period, the BOOST monies must be repaid to the City, along with a proportionate share of the appreciation value if

the unit is sold. All repaid BOOST monies and sale proceeds are intended to be re-loaned to assist qualified purchasers in the subsequent phases of the Revitalization Project.

BOOST assisted approximately 110 purchasers of One Cole Condominiums. All purchasers who applied and were eligible received this funding. The remaining unused BOOST funds were returned to the Affordable Housing Office at the City of Toronto.

The agreements between the City and TCHC in respect of BOOST funding expressly preclude "any officer, director, or shareholder" of TCHC from receiving this funding. The documentation I have reviewed satisfies me that no officer, director, shareholder or employee of TCHC received BOOST funding. Similarly, the documentation I have reviewed satisfies me that no Daniels' executive received this funding. A Daniels-related purchaser was an eligible recipient of the BOOST funding.

Purchases by Individuals at TCHC and Daniels

The documentation and the numerous interviews we conducted cause me to conclude that:

- Four TCHC current or former staff or executives purchased One Cole Condominiums. The four include, former CEO and former CFO of TCHC, and Dundas directors, Derek Ballantyne and Gordon Chu. Two of these purchasers were Inner Circle Members and purchased at the Inner Circle Sales Event and received the Inner Circle Bonus Incentives. All the TCHC employees and executives purchased the condominiums at or above the grid price. None of the four purchasers received upgrades. All of the TCHC purchasers

currently own the condominiums they purchased. None of these purchasers received Foundation or BOOST assistance.

- Gordon Chu purchased his condominium on June 4, 2009 and Derek Ballantyne his on June 10, 2009. These purchases were after the Foundation, Inner Circle and Broker Sales, but prior to the Public Sales. Chu and Ballantyne had not enrolled as Inner Circle Members. They each paid $9,500 for their parking space, the same as Foundation, Inner Circle and Broker purchasers.

- Five Daniels' executives and two related family members, all of whom were members of the Inner Circle, purchased One Cole Condominiums. All of these units were purchased at the approved grid price. Only the Daniels' executives and staff received the internal Daniels 2.5% incentive, which was absorbed entirely by Daniels. No Daniels' executive received affordable housing loans, and none of these purchasers received any upgrades. We are advised that all of the Daniels' purchasers currently own the units they purchased.

- As has been its practice in nearly all of Daniels' recent development projects, a Daniels' related entity, Daniels Northtowne Corp., purchased 10 condominiums at One Cole. Each of these units was purchased after the June 13, 2009 initial Public Sales Event, at prices equal to the approved price grid. The parking spaces purchased were for the $9,500 discounted price. These purchases were made in an effort to clear inventory, reduce the overall cost of marketing the remaining unsold units, and to ensure a greater

degree of success for the Revitalization Project. We are advised that all 10 condominiums are currently owned by Daniels Northtowne.

Section 3: Issues and Recommendations

A. Benefits or Preferences

The relevant portions of TCHC's Code of Conduct Policy[6] state that TCHC employees "must never use their position for personal gain other than the salaries and benefits they have earned." A "conflict of interest" as defined would include using one's position to get something for someone whose personal gain the employee could share, such as a friend or a family member.[7] The Policy warns employees to be aware of any advantage that the employee's position at TCHC might give them, which would include "power to get decisions made".

An issue to be considered in this Review is whether any TCHC employees or executives, or Daniels' executives or family members, received any benefits or preferences as a result of their employment or connection with TCHC that were not available to the general public.

TCHC staff and executives work for a publicly-funded organization and must take all necessary steps to avoid preferential treatment, or the appearance of preferential treatment, for themselves or friends or family.[8]

In his opinion letter, Professor Mullan noted that while "preferential employee access of this kind is apparently common in the development industry…the question is whether it would be

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6 Attached as Appendix D is a copy of the TCHC's Code of Conduct Policy.
7 TCHC's Code of Conduct Policy.
8 "Toronto Computer Leasing Inquiry / Toronto External Contracts Inquiry". Online: City of Toronto < http://www.toronto.ca/inquiry/inquiry_site/report/>, vol. 2, pp.42-43.

appropriate to extend this kind of arrangement to the employees of a public agency participating in a 3P…". (Public –Private Partnership)

On this issue, Professor Mullan concludes that "providing TCHC employees with preferential purchasing rights to the condominiums in the Regent Park Redevelopment would be inappropriate." I agree.

TCHC followed this advice. The relevant information and pertinent documentation I have reviewed, and the individuals with whom I have spoken who were involved with the decision-making process in respect of the Revitalization Project, satisfy me that TCHC employees did not receive any benefit or preference not available to the general public.

In respect of Ballantyne and Chu, it appears they received some of the benefit of Inner Circle membership without enrolling in the program. Had they paid the $250 fully refundable membership fee they would have been automatically entitled as members to purchase a parking space for $9,500, the amount they paid. A review of all condominium sales that occurred from June 4, 2009 to the final sales in 2010 reveals that during that period at least 39 purchasers paid $9,500 for their parking spaces; 10 paid $12,500; 12 paid $15,000; 26 paid $18,000; and nine paid $22,000.

As indicated, the four TCHC employees and executives who purchased One Cole Condominiums did not receive any upgrades or affordable housing loans. All of the TCHC

employees and executives purchased with the intention of owning the properties as a long-term investment. They all currently own the condominiums they purchased.

TCHC personnel purchasing condominiums demonstrated support for the Revitalization Project at a time when there was a downturn in the economy and a real concern that the Project might flounder. Derek Ballantyne advised "if I did not buy in this development but somewhere else, I expected I would be criticized for having 'no faith' in the Regent Park Development… I wanted to show that I did have faith in Regent Park".

Daniels' staff and executives, consistent with Daniels' accepted practices and policies, did receive a 2.5% price reduction, which was borne entirely by Daniels. That reduction had no impact on TCHC's income or profit. The Daniels' staff, executives and family members were all Inner Circle Members and received the Inner Circle benefits. They received only what they were entitled to receive.

B. Conflict of Interest

In 2005, Madam Justice Denise Bellamy conducted an Inquiry[9] into allegations of conflict of interest, bribery and misappropriation of funds regarding computer leasing contracts entered into by the City of Toronto. The Bellamy Inquiry Report points out that the City, its employees and its corporations have not only an obligation to avoid actual conflicts, but also to avoid an appearance of a conflict of interest:

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9 "Toronto Computer Leasing Inquiry / Toronto External Contracts Inquiry". Online: City of Toronto < http://www.toronto.ca/inquiry/inquiry_site/report/>.

> "Everyone who works in a democratic government, staff member or elected official, is discharging the function of a trustee for the public in every minute of the job."[10]

TCHC's Conflict of Interest Policy

TCHC's *Conflict of Interest Policy* defines 'conflict of interest' as follows:

> No employees may engage in any business, or any other outside interest, which creates an actual, potential, or apparent conflict of interest. Any employee obligation, interest or participation that would or could interfere with the best interests of TCHC, or the employee's independent judgment on behalf of TCHC constitutes an unacceptable conflict of interest. A conflict of interest occurs when an employee's personal interests affect their judgment and cause them to act in a way that is not in the best interests of TCHC, its tenants or housing applicants. Employees are in a conflict of interest when they get, or hope to get, some personal gain by using: their position or influence, company information, corporate time, or TCHC materials or facilities.[11] *[underlining mine]*

The Policy further provides that "employees who have a direct financial interest in a TCHC contract, sale or other business transaction must declare it."

Guidance provided in the Policy to avoid conflicts, includes declaring the conflict of interest situation, and removing oneself from the discussion and/or decision-making process/panel related to the conflict of interest situation.

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[10] "Toronto Computer Leasing Inquiry / Toronto External Contracts Inquiry". Online: City of Toronto <http://www.toronto.ca/inquiry/inquiry_site/report/>, at Volume 2, page 26.
[11] "Definition of conflict of interest", TCHC's Conflict of Interest Policy, page 2.

Bellamy Inquiry Report Recommendations

The following recommendations of the Bellamy Inquiry Report are relevant to this issue:

> Recommendation 22:
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> > Councillors and staff should take steps to avoid as best they can both real and apparent conflicts of interest. For assistance, they should seek the guidance of the office of the integrity commissioner.[12]
>
> Recommendation 23:
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> > Councillors and staff should not use their positions to further their private interests.[13]
>
> Recommendation 30:
>
> > Elected officials and staff should take all necessary steps to avoid preferential treatment or the appearance of preferential treatment for friends or family.[14] *[underlining mine]*

The Oliphant Inquiry[15] recommended as follows with respect to the definition of "apparent" conflicts of interest:

> The definition of "conflict of interest" in the Conflict of Interest Act should be revised to include "apparent conflicts of interest," understood to exist if there is a reasonable perception, which a reasonably well-informed person could properly have, that a public office holder's ability to exercise an official power or perform an official duty or function

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[12] "Toronto Computer Leasing Inquiry / Toronto External Contracts Inquiry". Online: City of Toronto <http://www.toronto.ca/inquiry/inquiry_site/report/>, at Volume 2, page 38.

[13] "Toronto Computer Leasing Inquiry / Toronto External Contracts Inquiry". Online: City of Toronto <http://www.toronto.ca/inquiry/inquiry_site/report/>, at Volume 2, page 40

[14] "Toronto Computer Leasing Inquiry / Toronto External Contracts Inquiry". Online: City of Toronto <http://www.toronto.ca/inquiry/inquiry_site/report/>, at Volume 2, page 42.

[15] "Commission of Inquiry into Certain Allegations Respecting Business and Financial Dealings Between Karlheinz Schreiber and the Right Honourable Brian Mulroney". Online: Library & Archives Canada: <http://epe.lac-bac.gc.ca/100/206/301/pco-bcp/commissions/oliphant/2010-07-20/english/reports/reports.php.htm>.

> will be, or must have been, affected by his or her private interest or that of a relative or friend.[16]

While the employees and executives of TCHC are not elected officials, and thus not bound by these same constraints, they are employees of a high-profile, publicly-funded organization and therefore should take all necessary steps to avoid preferential treatment, and to avoid the appearance of preferential treatment for themselves, friends or family.

Whether "Actual" Conflict of Interest

TCHC followed the procedure provided in its Conflict of Interest Policy by engaging an external expert advisor. Based on our review of the documentation and the extensive interviews we conducted, I am satisfied that two TCHC staff did not purchase the condominiums at reduced prices or obtain any upgrades, or accept any benefits or preferences. The former executives, Ballantyne and Chu, paid the $9,500 for parking spaces, the same as Foundation, Inner Circle and Broker purchasers. More than three dozen others, who were neither Foundation, Inner Circle, or Broker purchasers, purchased their condominiums concurrent with and later than Ballantyne and Chu, and also paid $9,500 for a parking space. Few purchasers paid the full $22,000 parking price. The majority of the purchasers paid $9,500. The condominiums were purchased after all deal structures for Phase One were in place, as approved by the Board of

[16] "Commission of Inquiry into Certain Allegations Respecting Business and Financial Dealings Between Karlheinz Schreiber and the Right Honourable Brian Mulroney". Online: Library & Archives Canada: <http://epe.lac-bac.gc.ca/100/206/301/pco-bcp/commissions/oliphant/2010-07-20/english/reports/reports.php.htm>, at Volume 3, page 533.

TCHC, and after the condominiums were built. Thus TCHC executives had no further influence over Phase One of the Revitalization Project.

If in fact Ballantyne and Chu paid a lower price for their parking spaces because of their positions at TCHC, then they were in a position of conflict. At least 37 others who purchased condominiums at the same time or after, paid the same price. Having regard to the period during which they made their purchases and what we now know of other similar, if not identical sales, in June, July and following, it would be unreasonable to conclude Chu and Ballantyne received a preferential benefit. Rather, what they paid for their parking spaces was a reflection of the economic reality of other like sales. There is no evidence that suggests that Ballantyne or Chu used their positions as executives of TCHC and/or Dundas in order to receive the $9,500 parking price. They did not, in my view, receive a benefit.

As a result, I am of the opinion that no executives or employees of TCHC were in a conflict of interest in purchasing these condominiums.

Whether "Appearance" of Conflict of Interest

The highly public nature of TCHC rightly attracts significant public scrutiny. If one looks at the comments in the Oliphant Inquiry Report, one could extrapolate for this Review that there could be an "appearance" of conflict of interest if a reasonably well-informed person could have a reasonable perception that a TCHC staff or executive's ability to exercise their power or perform

their duty or function on behalf of TCHC is, or would, be affected by their private or other interest. In such a situation an "appearance of conflict" could be said to exist.[17]

Would a realistic and practical person properly informed conclude that a TCHC executive or staff member, consciously or unconsciously, was influenced by his or her participation in the Revitalization Project in purchasing a unit? While I have already indicated there was no actual conflict, in future, as a precautionary measure, I recommend there be disclosure through a publicly-accessible Register. This Register would include financial transactions between TCHC, or an entity in which TCHC has a significant interest, and TCHC staff or executives. Such a Register cannot ensure a future appearance of conflict will not occur, but greater transparency always assists in answering legitimate questions about possible and potential conflicts.

The TCHC Conflict of Interest Policy specifically provides that there be a declaration of a conflict of interest. There was no actual conflict therefore a declaration was not required. It would be prudent in the future to ensure transactions that even have a probability of an appearance of conflict are publicly-recorded and disclosed on an easily accessible website or other public medium.

I accept that the individuals who purchased condominiums did so in the belief that their investment in this project would demonstrate to the public that they believed in the revitalization of Regent Park and that it would be a successful venture. Their purchases did enhance the success of the Revitalization Project.

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[17] *Old St. Boniface Residents Association Inc. v. Winnipeg (City)*, [1990] 3 SCR 1170, at p. 31, Online: CanLii <http://www.canlii.ca/en/ca/scc/doc/1990/1990canlii31/1990canlii31.html>.

C. Concluding Remarks

All purchasers hope that their investments increase in value over time. At the time the Revitalization Project was proposed, there was considerable risk this may not occur. Even after a sophisticated marketing program, there was no surplus of buyers. It took some time to sell all the units. As it turned out, the Toronto real estate market (including residential condominiums) has been on an unusually long cycle of appreciation, such that I think it probable that all units at One Cole Condominiums have appreciated in value. This is the real estate market in which we live. I do not believe the appreciation in value to date is relevant to this report.

Having examined many aspects of this Regent Park Revitalization Project it appears to me that the joint venture for Phase One was a wise business deal for both TCHC and Daniels. In the end, it has been a greater success than either of them budgeted for or anticipated. Daniels was prepared to take a risk and has done more than required, in the sense of building a community and getting involved in charitable programs. They have provided a conduit to the commercial partners participating in the Revitalization Project. In my view, TCHC and Daniels may be proud of their accomplishment.

APPENDIX
A

Toronto
Community
Housing

Terms of Reference

The following terms of reference relate to TCHC's holding company, Regent Park Development Corporation (RPDC). RPDC is the holding company for TCHC's 50% equity interest in each of: Dundas and Parliament Development Corporation (DPDC) and Parliament and Gerrard Development Corporation (PGDC). Daniels Eastside Corporation (Daniels) owns the other 50% of both companies.

- In light of recent media reports on purchases made by individuals involved with Regent Park Development Corporation, identify – if any – procedural gaps with respect to those purchases which may have reduced TCHC's profits, compromised our ability to get the best value for those condominium units given the public nature of the project, and/or led to preferential purchasing benefiting executive officers and/or other individuals involved with the Development Corporation.

- Review the actions taken by TCHC at the time of the purchases to determine if there was any conflict of interest or the appearance of a conflict of interest.

- Daniels has been a partner of TCHC in the revitalization of Regent Park since the beginning of this project. With their cooperation, review actions taken by executives at Daniels with respect to their purchases to determine if, at the time of purchase, there was any conflict of interest or the appearance of a conflict of interest.

- Given our obligations to our sole shareholder (the City of Toronto), and the substantial amount of public funds in our revitalization projects, make recommendations to strengthen our policies and advise as to whether additional procedures are needed.

APPENDIX

B

Toronto Community Housing

Statement by N. W. (Bud) Purves
Chair, Board of Directors, Toronto Community Housing

Independent review of Regent Park condominium purchases

TORONTO, March 27, 2012—Bud Purves, Chair of Toronto Community Housing's Board of Directors, today issued this following statement:

"Recent reports in the Toronto Sun raise some very real questions about condominium purchases by Toronto Community Housing executives and related persons at Regent Park. There is a need to clarify the facts and address the governance and structure of these purchases, including any possibility of a conflict of interest.

"This is necessary to maintain the trust of our shareholder and the public, given the important work being done by Toronto Community Housing and its partners to transform Regent Park into an innovative mixed-income, mixed-use community, as well as the significant amount of public funds Toronto Community Housing and other levels of government, including the City of Toronto, have invested in Regent Park.

"To that end, the Board has asked the former Chief Justice of Ontario, the Honourable Patrick J. LeSage, a trusted, qualified and respected jurist who knows Toronto Community Housing, to conduct an independent review of these matters and report his findings to the Board. A special committee will meet with Justice LeSage to discuss terms of reference for the review.

"I want to confirm that Toronto Community Housing remains committed to the goals of the Regent Park revitalization. This review will not affect current commitments at Regent Park nor detract from projects currently under construction."

-30-

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APPENDIX C

17 Colborne St.,
Kingston, ON
K7K 1C5
20 May 2009

John Fox,
General Council (Development),
Toronto Community Housing Corporation,
931 Yonge Street,
Toronto, ON
M4W 2H2

Dear Mr. Fox:

Regent Park Redevelopment – TCHC Staff – Purchase of Condominiums in Redevelopment

I. Introduction

You have asked me for a report on whether it would be appropriate for the Dundas and Parliament Development Corporation ("DPDC") to pass on to Toronto Community Housing Corporation ("TCHC") staff purchasers a 4.5% real estate commission saving that it makes from direct sales of condominiums in the Regent Park Revitalization. The DPDC is a public-private partnership ("3P") between the TCHC and the Daniels Corporation ("Daniels"), which are co-tenants in the development and sale of market condominium housing in that redevelopment. For these purposes, you have asked if it matters whether the purchasers are senior staff (*i.e.* those with influence over the TCHC's relationship with Daniels).

If passing on the real estate commission saving is not permissible either generally or in the case of senior staff, you have also asked me to evaluate whether it would be appropriate for TCHC staff (including members of the project team) to even purchase a condominium at the prices (commission included) at which they are available to the public.

II. Summary of Conclusions

1. Providing TCHC employees with preferential purchasing rights to the condominiums in the Regent Park Redevelopment would be inappropriate. It would in effect transfer a part of the benefits of a project intended for the general Toronto public to insiders. This would be inconsistent with the TCHC's obligations to its shareholder, the City of Toronto ("City"), obligations that are impressed with the City's duties as a trustee of the public.

2. For these purposes, even though it will not cost the City any money, a sale to TCHC employees at prices below those at which the condominiums will be available to the general public constitutes a species of preferential purchasing right.

3. However, provided that there is no preferential access or priority, there can be no objection to any employee of the TCHC (whether a member of the project team or not) purchasing a condominium in the Regent Park Revitalization at the price at which that condominium is available to the general public.

III. Background

(a) The Nature of the 3P and the Offer under Consideration

TCHC, a wholly owned subsidiary of the City, is the country's largest provider of social housing. It operates principally under a mandate conferred by the *Social Housing Reform Act, 2000,* S.O. 2000, c. 27, the *City of Toronto Act, 2006,* S.O. 2006, c. 11, Sched. A, and a City of Toronto Shareholder Direction.

As part of its mandate, it is currently engaged in the redevelopment of Regent Park, Canada's oldest and largest publicly funded community. Part of that redevelopment involves the construction and sale of condominiums generally targeted at first time buyers. That portion of the project is being carried forward as a 3P between the City and Daniels, through the vehicle of a nominee corporation, DPDC.

DPDC is marketing the condominiums through a real estate agent, which charges a commission of 4.5% on all the sales that it makes. However, the arrangement with the real estate agent allows Daniels the right to sell directly to its employees and those of the TCHC, either directly or through the DPDC, without incurring the cost of the commission. Daniels intends to pass this saving on to its employees and is also willing to do so for TCHC employees who wish to purchase condominiums at OneCole, the first of the Phase 1 condominium buildings to come on the market.

Preferential employee access of this kind is apparently common in the development industry generally, and the question is whether it would be appropriate to extend this kind of arrangement to the employees of a public agency participating in a 3P of this kind.

(b) Relevant Laws and Policies

The Preamble to the *City of Toronto Act* contains an aspiration to secure a "high quality of life for the people of Toronto." Section 1(1), setting out the guiding principles of the Act, speaks in terms of providing "good government" for the City. Thereafter, in section 2, the purposes of the City include "determining the public interest of the City", "responding to the needs of the City", "ensuring that...the process for making decisions is transparent", and "determining the appropriate mechanisms for delivering municipal services in the City."

To achieve these ends, the City of necessity acts through elected officials, officers and employees, creates corporate vehicles such as the TCHC, and, in recent times, enters into 3Ps. Nowhere, however, does the *City of Toronto Act* speak to the treatment of the employees of the City and its corporation as a special class. By implication, their general or personal interests have no entitlement to any higher regard than that accorded to all other residents of the City.

Out of this general principle emerges the details of the staff *Conflict of Interest Policy* which, within a framework of regulating conflict of interest, prohibits staff from accepting gifts "for doing work that the City pays them to do", and representing and advising the City in relation to a transaction in which they have a financial interest. While this Policy is addressed specifically to the situation of individual employees and not the City (or any of its corporations) in terms of what as a matter of policy or decision it does in relation to its staff, nonetheless, these principles and rules should also inform the policies and decisions of the City and its corporations.

This is made clear in the admonitions of the Bellamy Commission Report on conflict of interest that are directed as much, if not more to the policies and decisions of the City and its corporations than to individual staff. Thus, at Volume 2, page 26, the Good Government volume of the Report, Bellamy states:

> Everyone who works in democratic government, staff member or elected official is discharging the function of a trustee for the public in every minute of the job.

In concrete terms, as set out in the United States 1995 policy, Ethical Conduct for Employees of the Executive Branch, this translates into the principle that "17. Employees shall not use public office for private gain."

Among the specific obligations of the TCHC set out in the October 2001 Shareholder Direction, the following are particularly relevant:

1. Clause 8.2(b) speaks in terms of the TCHC "recognizing its responsibilities as a public sector employer that is a model to the community."

2. Clause 8.3.1(d) requires the TCHC to put in place within a year tendering and purchasing practices "that ensure that TCHC will manage all financial transactions in a transparent and open manner."

3. Clause 8.4 places special responsibilities on the TCHC as an active member "in the social housing sector." Those responsibilities have a special focus on "supply, quality and affordability."

III. Application of General Principles to this Situation

(a) Avoiding Real Estate Commission

For the TCHC (through the DPDC) to make condominiums available to its employees at a price that does not include the sales commission would provide its employees, along with those of Daniels, with a benefit that is not available to the public at large; the taxpayers who are the designated beneficiaries of this programme. Providing this form of differential or preferential treatment to TCHC employees is favourable discrimination for which no justification can be found in any of the relevant legislation or the Shareholder Direction. As such, it goes against the principle that employees should not secure collateral advantages for performing work that they are contractually obligated to perform for the City, or simply by virtue of being an employee of the City or one of its corporations. It also contributes to a perception that insiders are being given preferential access to a public good that should be available on a non-discriminatory basis across the range of potential purchasers. As such, it can have a potentially distorting impact on the overall objectives of the condominium development as well as the general Regent Park Revitalization project.

From one perspective, it might be thought that the offer is harmless since it seems to have been initiated by the private sector partner in the 3P and it will not cost the TCHC (through the DPDC) any money. However, it is instructive to think in terms of this offer from the perspective of the initial formation of the relationship between the TCHC and Daniels. It is almost inconceivable that, in any call for proposals, the TCHC would include a term in a social engineering project such as this that required potential private partners to include a term in their bid that the TCHC employee purchasers of condominiums within the development would not have to pay any real estate commission. That would quite legitimately give rise to the complaint that such a term is completely outside the objectives of what the TCHC has been established to do. In my judgment, just because that offer comes on a seemingly gratuitous basis at the end of the contract does not make it any more justifiable. Indeed, in some minds, there might be suspicion that it was an unwritten understanding right from the outset, an understanding that might have been influential in the TCHC's selection of Daniels as its partner in the 3P. That raises questions about how level the playing field really was in the procurement process, a factor that was of particular concern to the Bellamy Commission (see Volume 2, page 99). There is also the further possibility that, coming as it does, late in the construction process, there might be a perception that it represents a *quid pro quo* for various indulgences that the TCHC has provided to Daniels along the way.

Especially in the case of TCHC employees who are also members of the project team, there is the possibility of public perception of an apparent conflict of interest. The preferential treatment in the form of an exemption from the normal sales commission could with respect to outstanding matters or other phases of the project in which the TCHC is involved with Daniels, influence the judgment of members of the project team

who are taking up or have taken up the offer. While there might not be a direct financial stake in any such decision, this potentially comes within the broader concept of conflict of interest identified by the Bellamy Commission at Volume 2, page 39:

> [C]onflicts of interest extend to any interest, loyalty, concern, emotion or other feature of a situation tending to make the individual's judgment less reliable than it would normally be.

At the very least, this might cause someone to "reasonably conclude" that such a conflict existed (Bellamy, *ibid.*) and thereby erode public confidence in the integrity of the process.

There may also be a perception that, by initiating this offer and presumably negotiating it with its real estate agent when not required to do so by the contract, Daniels is thereby endeavouring to create an environment in which the TCHC will view favourably any bid or offer by Daniels on future projects. This may be of particular concern in a situation where the TCHC's procurement processes depend on a wide range of criteria in addition to price.

(b) Purchases at Regular Prices

As long as the employees of the TCHC do not receive any preferential access to sales of the condominiums at the prices at which they are available to the public (such as by way of an "early bird" offer), I see no problem with such a purchase. The only possible argument that I can see being made against this is in the case of members of the project team who might possibly still have the capacity to give directions or influence decisions about the condominiums (such certifying the adequacy of workmanship) which affect their interests. However, absent more details, I am not in a position to comment further.

IV. Conclusions

My recommendation is that the TCHC not accept the Daniels' offer to extend the benefit of no commission sales to its employees, irrespective of their status. It puts the TCHC and its employees in the position of receiving a benefit that is not available to the citizens of Toronto at large. This form of favourable treatment goes against the principles that the provision of public goods should proceed on an even-handed basis and that public servants should not receive favourable treatment in comparison to the rest of the public for doing work that they are already being paid to do. To allow its employees to accept the offer would also have the potential to create the appearance of a conflict of interest both in relation to other aspects of this whole project in which Daniels is involved and future bidding by Daniels on TCHC contracts. However, provided there is no form of preferential access and no room for any employee to still influence this particular project to her or his advantage, I see no basis for disqualifying TCHC employees from purchasing condominiums in OneCole at the prices at which they are available to the public.

Please do not hesitate to contact me if I have not covered the points raised in your instruction or if I can clarify or elaborate in any way.

Yours truly,

(David J. Mullan)

APPENDIX D

Toronto Community Housing

Code of Conduct Policy

Effective date: September 1, 2003	
Approved by: **TCHC Board**	Approval date: July 2002
References: Conflict of Interest Policy Ontario Human Rights Code	

Contents

This Code of Conduct policy covers the following topics:

Scope

The Code of Conduct applies to every person who works for the Toronto Community Housing Corporation (TCHC).

The code applies to any place where activities related to the business of TCHC are conducted.

Overview

The Toronto Community Housing Corporation (TCHC) is a non-profit organization serving all of our tenants and those who apply to be tenants.

- We respect the dignity and worth of everyone involved in our business.
- We promote healthy communities.
- We promote quality of life in our buildings.

- We respect, follow and obey the law.

Our management and staff are crucial to good service. We must all act in a way that is honest, fair, courteous and respectful. The purpose of this code is to help all TCHC employees act in this way on the job at all times. This code explains that there are serious consequences to breaking our corporation's rules for standards of conduct.

Support for Employees

TCHC holds high ethical standards. If you do your best to support those standards, we will do our best to support you.

The Toronto Community Housing Corporation will provide a work environment that is honest, fair, ethical and lawful.

We will support our employees with the management, supervision, training and information they need to be creative and effective in doing their jobs and meeting our business goals.

We will review this Code of Conduct with all new employees during their orientation.

All employees may talk to a supervisor or Human Resources Consultant at any time if they need advice about this Code of Conduct.

Consequences of Failing to Comply

Breaking any of the rules and standards in this Code can lead to serious consequences.

These include:

- criminal charges,
- dismissal,
- termination of contract (contractors or suppliers),
- disciplinary action and
- impact on your performance review

Rules and Standards

The following rules and standards apply to everyone covered by this code.

Alcohol and Drugs

No one may bring intoxicating drugs or alcohol to work or be intoxicated on the job

Exception: Employees may use medication for health reasons if it does not interfere with doing their work properly.

Bribes, tips, gifts, and donations

No one may give or take anything that might be seen as a bribe from an employee, tenant, applicant, supplier or contractor. This means that people who work for TCHC never accept:

- any "tip" or gift of money,
- any gift other than a token or memento,
- any offer to make a donation to a charitable cause on their behalf,

- any offer to trade goods or services.

Example: A supplier offers to sponsor an employee in a "run for charity " or sponsor their participation in a golf tournament. The employee must not accept this offer, because it **might** place the supplier in a position to influence them in their job.

Exception: Employees may accept a token or a memento of thanks for good services such as a greeting card or family photo.

Buying and Selling

No employee may buy products or services from tenants or applicants or sell products or services to them. When tenants know that people work for their landlord, they may feel unfair pressure to buy, or to sell for less than a fair value. As an employee of TCHC, do not take part in any business activity that could conflict with your job duties.

Conflict of Interest

Employees of TCHC must never use their position for personal gain other than the salaries and benefits they have earned. To do so would be a conflict of interest. It is not always easy to know if we are placing ourselves in a conflict of interest. It is important to be watchful, so that no one would have reason even to accuse us of conflict of interest.

Conflict of Interest is not just about getting something for you. It could also mean using your position to get something for someone whose personal gain you could share, such as:

- a friend or family member,
- someone you have become emotionally involved with,
- someone whose business interests matter to you

To avoid being in a conflict of interest, be aware of any advantage that your position at TCHC might give you, such as:

- power to get decisions made,
- privileged information,
- company time to do things other than your job
- access to the corporation's resources, such as materials, facilities or money.

Avoid any situation that could take away from your ability to do your job properly and ethically. Keep the interest of TCHC as your top priority. If you are worried that you may be in a conflict of interest situation, talk with your supervisor right away.

Personal Behaviour

The Toronto Community Housing Corporation values employees who act towards others with respect and courtesy.

We do not allow:

- unfair talk, such as making up or passing on hurtful rumors;
- disorderly or inappropriate conduct, such as yelling, swearing or insulting people;
- making any sort of threatening comment or gesture;
- withholding services or threatening to do so.

Acts of harassment and discrimination that are based on prohibited grounds are against the laws of Ontario and Canada. The Toronto Community Housing Corporation firmly enforces the Ontario Human Rights Code.

Property

Everyone must respect the property owned by:

- Toronto Community Housing Corporation,
- tenants, former tenants, and housing applicants,
- visitors,
- contractors and suppliers.

Employees must not:

- give rides in corporation vehicles to anyone who is not an employee, or use TCHC vehicles for anything other than the corporation's business;
- let anyone who is not authorized onto a job site;
- borrow, use or take tenant's property, including property left behind after a move;
- use or take any material left behind by contractors and suppliers, or anything belonging to the TCHC;
- willfully destroy or damage property on the job.

Employees may not enter a tenant's home without authorization from TCHC.

Exception: Employee may enter the home of a tenant without authorization from the corporation **if:**

- they are invited, **and**
- the visit takes place outside of the employee's working hours.

Punching in

Employees must punch in or record their own attendance and no one else's.

Witnessing Documents

No employee may witness a will or any sworn statement for a tenant or an applicant, or be the executor of a tenant or an applicant's will. Taking on this role places the employee in a position of too much power and opens a possible conflict of interest.

Staff may witness the signing of leases and other documents related to their work.

Exception: There are areas where staff are "Commissioned" for taking Affidavits that include sworn statements such as Legal Counsel.

APPENDIX

E

Toronto
Community
Housing

Conflict of Interest Policy

Effective date: April 1, 2003	Effective date of Revised Policy:
Approved by: TCHC Board	Approval date: January 14, 2003
Revised by: HR/LR	Revision approval date: July 22, 2004
References: Code of Conduct Computer, Internet and Email Policy Employees Seeking Political Office Employees Taking Part in Elections	

Contents

This Conflict of Interest Policy covers the following topics:

Scope

The Conflict of Interest policy applies to all employees of the Toronto Community Housing Corporation. It is especially important for employees who make or influence decisions, and those who have access to the corporation's information and resources. This policy extends

TCHC's Code of Conduct to situations involving a conflict of interest, a potential conflict of interest, or a perceived conflict of interest.

Purpose

To define what conflict of interest is and advise employees of what to do if they think they might be in a conflict situation.

Employees of Toronto Community Housing Corporation are expected to carry out their jobs with honesty and diligence. They must avoid placing themselves in any situation where their own interests might conflict with the interests of TCHC.

Consequences of Failing to Comply

Breaking any of the rules and standards in this policy can lead to serious consequences, including disciplinary action up to and including dismissal.

Definition of Conflict of Interest

No employees may engage in any business, or any other outside interest, which creates an actual, potential, or apparent conflict of interest. Any employee obligation, interest or participation that would or could interfere with the best interests of TCHC, or the employee's independent judgment on behalf of TCHC constitutes an unacceptable conflict of interest. A conflict of interest occurs when an employee's personal interests affect their judgment and cause them to act in a way that is not in the best interests of TCHC, its tenants, or housing applicants. Employees are in a conflict of interest when they get, or hope to get, some personal gain by using:

- their position or influence,
- company information,
- corporate time, or
- TCHC material or facilities.

Personal gain does not just mean gaining something for yourself. Personal gain from a conflict of interest could include something gained for a friend, family member, or a business associate.

Avoiding a Conflict of Interest

To avoid a conflict of interest, employees should be aware of any advantage that their position at TCHC might give them, such as:

- power to get decisions made,
- privileged information,
- using company time for work not related to your job,
- access to the corporation's resources, such as materials, facilities or money.

Employees should avoid any situation that could take away from their ability to do their job properly and ethically, keeping the interest of TCHC as their top priority.

Rules and Standards

The following rules and standards apply to everyone covered by this policy. This is not a complete list of all possible conflict of interest situations, but it will help employees to recognize situations they must avoid.

Appointments to boards and agencies

Staff who hold positions on the boards of community agencies shall promptly inform the appropriate manager if the agency's mandate is related to their work at TCHC. If an issue arises at a community agency that places them in a real or potential conflict with TCHC policies or procedures, they shall promptly declare a conflict of interest to the community Board and TCHC.

Confidential information

No employee may use or give out confidential or privileged information about TCHC for personal gain. No employee may give confidential information about another employee without that employee's written permission.

Exception: Employees may give confidential information if they are required by law or by an investigation conducted by TCHC.

Financial interest

Employees who have a direct financial interest in a TCHC contract, sale or other business transaction must declare it. Employees must also declare any indirect interests they have through family members, friends or business associates. Employees with direct or indirect interests may not represent or advise the corporation in any such business transaction. They must not advise family, friends, or associates on any business activity that may give them unfair advantage.

Outside Activity

Employees may not take part in any outside work or business activity if:

- the outside activity conflicts with their duties as TCHC employees (for example, they use information from TCHC to train employees in other companies);
- they use confidential information about TCHC to further the outside activity (for example, working for a company that is seeking a contract with TCHC and giving inside information about a confidential project); or
- the outside activity could hinder their ability to carry out their duties for TCHC (for example, by demanding too much of their time during regular working hours).

Representing others

Employees may not appear before TCHC's Board or committees on behalf of a private citizen. Employees may appear for himself/herself, his /her spouse, his/her parents, or

his/her minor children, unless the employee is either being paid by, or is involved through his /her duties at TCHC in the issue/policy.

Exceptions: Any exceptions to this rule must have the approval of the Chief Executive Officer.

Using TCHC Property

Employees must use TCHC resources only for activities related to their work. TCHC resources include property, facilities, supplies, and equipment such as phones, computers, tools, and machinery. They must not allow others, such as non-employees, contractors, and tenants, to use resources improperly.

Exceptions: Any exceptions to this rule must have the approval of the appropriate manager.

Witnessing documents

No employee may witness a will or any other sworn statement for a tenant or a housing applicant, or be the executor of a tenant or applicant's will. Taking on this role places the employee in a position of too much power, and opens a possible conflict of interest.

Exceptions: There are however areas where staff are "Commissioned " for taking Affidavits which include sworn statements.

Staff may also witness the signing of leases and other documents related to their work.

Resolving a Conflict of Interest

It is the responsibility of every employee to remove any uncertainty that might develop or exist with respect to the applicability of this Policy. Employees are encourage to obtain specific clarification regarding possible conflicts of interest from their supervisor or manager who will, if necessary, seek direction and guidance from more senior management. In circumstances where an individual is considering engaging in an outside activity, business or undertaking, and it appears that engaging in such activity could give rise to an actual, potential or apparent conflict of interest (including as outlined in this Policy), the employee is required to notify his or her supervisor or manager in writing in advance as to the nature of the outside activity, business or undertaking.

Actions to take that could resolve a conflict of interest situation include:

- declaring the conflict of interest situation
- removing yourself from the discussion and/or decision making process/panel related to the conflict of interest situation
- refrain from engaging in an outside activity while at work or using TCHC resources including computers, cell phones or faxes to engage in an outside activity.

Responsibilities of Managers and Supervisors

Managers and supervisors are responsible for:

- ensuring that employees read, understand, and follow this policy;
- keeping records to show that employees have read and understood the policy;
- ensuring employees have access to the policy;

- discussing the policy with each employee and pointing out any rules and standards that are especially relevant to their work.

Responsibilities of Employees

All employees are responsible for making sure they understand and follow this policy. Any employee who is unsure of how to interpret this policy or if they could be in a possible conflict of interest situation should speak with their manager immediately.

It is also the responsibility of every employee to bring to the attention of TCHC knowledge of any conflict of interest situation which might adversely affect TCHC's reputation. All employees are required to report, verbally or in writing, any evidence of improper practices of which they are aware. As used here, the term "improper practice" means any activity that violates this Policy. Reports should be submitted to the employee's supervisor or manager.

Employees reporting potential conflict situation they are aware of and where the reporting is made in good faith, will be protected from reprisal by TCHC.

Training and Communication

All employees new to TCHC will receive a copy of the TCHC *Conflict of Interest Policy* during their orientation with their manager and sign the Acknowledgement form indicating that they have read and understood the policy. A copy of the Acknowledgement form will be kept on file with the manager and a copy forwarded to Human Resources to be placed on the employee's file.

Employees hired prior to the introduction of this policy will be provided with a copy of the policy in a meeting with their supervisor or manager. The supervisor or manager is responsible for making a record that the employee(s) were provided with a copy of the policy and that a discussion meeting took place.